

**OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE  
EXECUTIVE OFFICE OF THE PRESIDENT  
WASHINGTON, D.C.  
20508**

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**FOR IMMEDIATE RELEASE  
Friday October 9, 1998**

**98 - 91  
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**USTR CRITICIZES PROPOSED CANADIAN ACTION TO CONTINUE  
RESTRICTIONS ON  
MARKET ACCESS FOR MAGAZINES**

United States Trade Representative Charlene Barshefsky today issued the following statement in response to legislation introduced in the Canadian Parliament yesterday which bans American and other foreign-owned publishers from carrying advertisements in their magazines if the advertisements are aimed at Canadian consumers.

“This legislation perpetuates Canada’s longstanding anti-competitive policies that channel magazine advertising revenues to Canadian-owned publishing companies,” said Ambassador Barshefsky. “The bill is protectionist and discriminatory.

“Perhaps the most troubling feature of the bill is the signal it sends about Canada’s seriousness in abiding by its international obligations. By introducing a bill that would simply replace Canada’s current WTO-illegal magazine regime with another discriminatory regime, Canada risks undermining the very dispute settlement system that it worked so hard to create.

“We strongly urge the Canadian Government to reconsider the course it has chosen and to withdraw the legislation. We are reviewing all options and intend to defend our trade interests vigorously in this matter.”

**Background**

In 1997, the United States successfully challenged Canada’s protectionist magazine regime in the World Trade Organization. A WTO panel found three components of Canada’s magazine policies to be illegal under the *General Agreement on Tariffs and Trade* (GATT), a key trade agreement administered by the WTO. The panel condemned Canada’s: (1) ban, in place since 1965, on imports of magazines with advertising directed at Canadians; (2) a 1995 special excise tax on so-called “split-

run@magazines; and (3) discriminatory postal rates for imported magazines. After Canada appealed the panel's report, the WTO's Appellate Body found a fourth violation -- Canada's discriminatory postal subsidy program for Canadian-produced magazines.

Canada has committed to eliminate its longstanding ban on split-run imports, lift the 1995 special excise tax on split-runs, and modify its discriminatory postal rates and postal subsidies for magazines. The bill introduced yesterday simply accomplishes the same result as the import ban and excise tax --keeping U.S.-and other foreign-produced split run magazines from competing in the Canadian market.